

Commonwealth of Kentucky
Before the Public Service Commission

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PUBLIC SERVICE
COMMISSION

In the Matter of:

BUTLER COUNTY WATER SYSTEM)
APPLICATION FOR AN ADJUSTMENT IN RATES) Case No. 2003-00486

**Attorney General's Request for Information to
Butler County Water System**

The Attorney General (with a Motion for a Procedural Schedule pending before the Commission) submits his Request for Information to the Butler County Water System.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

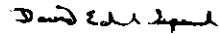
(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

- (5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.
- (6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.
- (7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.
- (8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.
- (9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

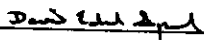
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Notice of Filing and Certificate of Service

Counsel certifies that an original and ten photocopies of this pleading were filed by hand delivery to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct of the same, first class postage prepaid, to Damon R. Talley, P. O. Box 150, Hodgenville, Kentucky 42748-0150, all on this 7th day of May 2004.



Assistant Attorney General

**Attorney General's Information Request to
Butler County Water Association**

1. Reference: PSC Annual Report, Year ended 31 December 2002 (Water Statistics, page 30) For 2002, BCWS produced 307,400,700 gallons. BCWS had total water sales of 259,424,059. Thus, it sold .84 of its water production. Under the assumption that unaccounted for water rate will remain constant at 11.7%, please answer the following:
 - A. For the 1,266,530 increase in annual water production for the 25 new customers, what percentage of this additional production will eventually move through the 25 new customer meters resulting in additional sales?
 - B. Under the assumption that 88.3% (1 minus .117) of the additional water production will result in metered sales, total water sales will increase by 1,118,346 gallons. Is this not correct?
 - C. What factors or evidence can BCWS produce to support the use of a water sales as a percentage of water production amount that differs from the 88.3% assumption?
 - D. Under the assumption that the 25 new customers will receive service under the proposed general service water rates for 5/8" x 3/4" meters, the increase in annual revenue will be, at least, approximately \$7,574.00. $1,118,346 / 25 =$ annual sales per new customer of 44,734 gallons. Subtract out 24,000 gallons for each month's minimum bill amount to arrive at a usage over the minimum bill of 20,734 gallons. Each month, the new customer will pay \$17.03 for the portion of the bill associated with "minimum bill" usage. For the year, the new customer will also pay \$4.93 per thousand gallons for usage over the minimum bill. Thus, the annual revenue per new customer will be approximately $((17.03 \times 12) + (4.93 \times 20))$ \$302.96. Multiplying this amount by 25 yields incremental annual revenue of \$7,574 for the 25 new customers. Is this not correct? If no, please explain.
2. Reference: Table 6 (Analysis of Water Usage on Future System) and Table 7 (Units of Service)
 - A. Table 6 indicates residential usage of 217,476,574 gallons and commercial usage of 40,638,160. Thus, Table 6 indicates a combined usage of 258,114,734 gallons. If this amount is incorrect, please supply the correct amount and explain why the Table 6 numbers are incorrect.

- B. Table 7 indicates total annual sales (gallons x 1,000) of 258,114.7. Please confirm that this amount reconciles to the 258,114.7 thousand gallon usage amount per Table 6. If the Table 6 total usage amount is not the basis for the Table 7 total, please identify the basis.
- C. Table 7 indicates annual sales (gallons x 1,000) of 15,570.5 for the usage block "100 & above." Table 6 contains the following usage amounts for this block level. 5/8" meters - 2,938,871 gallons; 1" meters - 7,825,330 gallons; 1 1/2" meters - 1,297,500 gallons; 2" meters 11,798,800 gallons; 3" meters - zero; 6" meters 1,310,000 gallons. Total usage for the 100 & above blocks per Table 6 is 25,170,501 gallons. If the Table 6 total usage amount for this level of usage is incorrect, please identify the correct number. Please reconcile the 15,570.5 thousand gallon usage amount per Table 7 with the 25,170.5 thousand gallon usage total per Table 6.
- D. Please reconcile the Table 7 usage blocks of 0 to 6,000, 6,000 to 50,000, and 50,000 to 100,000 gallons of usage to the corresponding information contained in Table 6. (While a direct comparison with the Table 6 information may not be possible [For example, the information for 1 1/2" meters contains information for usage from 0 to 10,000 rather than usage from 0 to 6,000.], there should be some explanation as to why the Table 7 numbers tend to reflect a much higher usage amount for the 0 to 6,000 block than the Table 6 information.) Please provide the basis or support for the four annual sales amounts for the usage blocks on Table 7.
- E. Please identify and demonstrate the basis for the Capacity Factors used on Table 7. (At this stage, it is not necessarily to supply all of the underlying data. The identification and demonstration may be done by a narrative that explains the calculation of these numbers and a summary of the information that supports the numbers.)
- F. Did BCWS conduct an analysis or otherwise compare the Table 7 capacity factors for Maximum Day and the capacity factors for Maximum Hour with the Table 2 usage factors information. If yes, please provide a summary of the analysis.
- G. For the section of Table 7 concerning the Adjustment for Minimum Bill Usage, please answer the following:
- Please provide the formula for determining the gallons not used by block amount for each service size.

- ii. Please show the calculation of the gallons not used by block for each service size. With respect to the calculation of the amounts for the 6" meters, please explain how 6,000 gallons was assigned to the 50,000 to 100,000 block.
 - iii. Please explain why the 2", 3", and 6" service size do not indicate any amount (or show a zero amount) for 0 to 6,000 gallons in the gallons not used by block.
- 4. Reference: Application, Exhibit 9 (Annual Report, page 7) – Please provide the reason(s) for the decrease of Account Number 127 from \$419,848.41 (previous year) to \$305,014.37 (current year).
 - 5. Reference: Application, Exhibit 9 (Annual Report, page 8) – Please provide the reason(s) for the increase of Account Number 186 from \$34,775.15 (previous year) to \$90,611.41 (current year).
 - 6. Reference: Application, Exhibit 9 (Annual Report, page 10) – Please provide the reason(s) for the increase in Account Number 408.1 from \$2,834.10 (previous year) to \$6,362.35 (current year).
 - 7. Reference: Application, Exhibit 9 (Annual Report, page 27) – Please summarize the decrease in the loss of commercial customers for Year 2002.
 - 8. Reference: Application, Petition (Numbered Paragraph 23) and Exhibit 13 (Cost of Service Study) – Under the Applicant's proposal, BCWS's private fire service fees will generate \$6,790. With regard to this statement in the Application, please answer the following:
 - A. In Case No. 2002-00040, evidence submitted on behalf of the Public Service Commission indicates that revenue under BCWS's prior private fire service protection rates generated \$19,426.08 for Year 2001. Please confirm that this is the private fire service revenue for Year 2001. If it is not, please provide the correct amount.
 - B. In Case No. 2002-00040, evidence submitted on behalf of the Public Service Commission indicates that revenue under BCWS's current private fire service protection rates will generate \$13,142.52 in annual revenue. Please confirm this projection. If it is not accurate, please provide the correct amount.

- C. During a presentation at a 30 July 2003 Informal Conference (with respect to Case No. 2002-00040), BCWS indicates annual private fire service revenue at "Current BCWS Rates" of \$13,143. Please reconcile this amount of revenue with the amount of revenue per the Application - \$6,790.
- D. Please provide a schedule with a narrative that details the development of the \$6,790 revenue amount per the Application.